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Economic Times

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Editor's Note

The heavy mathematical content of many economics journals has led many people to say that the profession went to the dogs when the word "political" was removed from its name. By the same token, I've often thought the topics this publication features would make it logical to have named it "Political Economic Times." Certainly the articles in this issue point strongly in that direction, especially Suzanne Garment's fascinating look at the process by which scandals are fabricated in Washington and Charles Murray's intriguing thoughts about the way a caste system may be developing in the United States.

In addition, our colleague, Al Sommers, examines (qualitatively and empirically, as is his wont, but not algebraically) the perplexing behavior of the monetary numbers over the past year, and our Colloquium considers whether the policymakers should add more energy to the business cycle.

Here's wishing everyone a pleasurable holiday season.

Ed Fiedler

Maxim of the Month

Cynic: A blackguard whose faulty vision sees things as they are, not as they ought to be.

Ambrose Bierce

Cynicism is an unpleasant way of saying the truth.

Lillian Hellman

What's the Magic in Markets?

The dramatic transformation from detailed, top-down control of economic activity to free market capitalism that has begun in the U.S.S.R., Eastern Europe and Latin America has been cheered by most economists, myself included. Nevertheless, the often wild claims made by extreme partisans of the market system should not go unchallenged. The market, they would have us believe, brings nothing but fat years — a cornucopia of material blessings without interruption or imperfection. And to make room for this market magic, the government should be limited to little more than the military, the police and the courts.

Now I (never one to underestimate the power of a platitude) have long advocated a leaner and more efficient government, including pared-down spending, fewer regulations, a scaled-back bureaucracy, reduced subsidies, and a less distorting tax system. Nevertheless, I would **not** want to eliminate such agencies as the FDA, the EPA, the FAA, the antitrust agencies, and a great many state and local units including the public schools and those fighting consumer fraud. Most of these organizations are flawed, some deeply. All could and should be greatly improved. But they all carry out important functions that in my view should not be left to the private sector. (I hope they'll soon start to control telemarketing.) For all its benefits, the market system still leaves a very substantial role for government.

But how much **economic** magic will the market deliver in the form of higher living standards? Quite a lot, if we judge by contrasting the economic performance of East and West Germany, North and South Korea, China and Taiwan. And what is it about free markets that fosters these gains? Many things, but let me mention just two: First, markets provide effective incentives by aligning an individual's remuneration with his or her productivity more directly than a command-and-control system does. Second, the market system more effectively marshals all the knowledge available in the system to maximize customer satisfaction.

We cannot, however, expect the economic gains to be realized instantaneously. The differences mentioned above (East and West Germany, etc.) were four and a half decades in the making. Similarly, the transformation of the U.S.S.R. is going to take decades. That's not magic; magic is done in a flash of blue smoke, not in decades. The economic gains are the result of work and perseverance. And some market-based systems don't achieve gains at all, even over a decade or more. So it's wrong to talk about the **magic** of markets as though it's an instantaneous and automatic outcome.

Furthermore, if we think only in terms of material measures like income and consumption, we are ignoring the most fundamental benefits of the transformation now taking place. The most meaningful blessings are the gains in personal freedom. The availability of choices — to choose for yourself your occupation, to live where you please, to continue your formal education or not, to work for others or for yourself, to spend or to save your discretionary income. These choices, this liberation, this enhanced personal autonomy that gives people all these choices to make for themselves — although it doesn't always come easy, that's what's important here. That's the real magic now taking place around the world, the magic of freedom.

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Colloquium: More Stimulus Needed?

Background

Complaints about the economy have again reached epidemic proportions. Many are saying that the recession continues, the economy is dead in the water, the recovery is feeble. Some also call for additional stimulus from the Federal Reserve or fiscal policy — tax cuts and extended unemployment benefits — or both.

Question:

Should policymakers provide further stimulus to the economy at this time? If so, what kind and how much? Or is the economy doing well enough that all the talk about policy action should be written off as partisan politics and media hype unworthy of serious consideration?

Don R. Conlan
Capital Strategy Research

The parallels with 1971 are disturbing. Then, as now, a foreign-policy-oriented, Republican president was preparing to run for a second term. Then, as now, the economy was recovering gradually from a mild recession. Then, as now, demagoguery was rampant. Then, political expediency gave us disastrous wage and price controls. If we need anything now, it's lower long-term interest rates. But they're driven by expectations; thus, reopening Pandora's budget is **worse** than doing nothing.

Lyle E. Gramley
Mortgage Bankers Association

The economy's improvement since last spring meets the standards for a recovery, but it is a joyless prosperity. Momentum is lacking in all sectors, and now the stimulus from rising inventory investment is ending. Policymakers must act soon to prevent the recovery from faltering. Lower interest rates will work, and are a better alternative than fiscal actions. But I wouldn't mind a revenue-neutral fiscal package with a temporary investment-tax-credit centerpiece to add some juice to the economy.

Stephen H. Axilrod
Nikko Securities International

The slump has lasted too long and, yes, the economy needs further stimulus. Net exports have stalled because of slow growth abroad, which places an even greater premium on domestic policy actions to spur spending at home. Monetary policy should act promptly (if it has not already acted by the time this appears) to lower the Federal funds rate closer to or even below the underlying rate of inflation. Every effort should be made to avoid a fiscal stimulus, since over the long run we have to raise national savings.

James Tobin
Yale University

What's Greenspan waiting for? The GNP gap is 5 percent and growing. Inflation is dormant. Cut the Funds rate by a point! One by-product, a lower dollar boosting exports, would be especially welcome. "Credit crunch" is a reason for aggressively easy money, not an excuse for inaction or relaxing bank supervision. Tax proposals the President and Congress are rushing into the vacuum are half-baked. However, extending unemployment benefits, trivial in macroeconomic and budgetary consequences, is simple decency.

Members:

Members of The Conference Board Economics Colloquium are: Stephen H. Axilrod, Vice Chairman, Nikko Securities International; Andrew F. Brimmer, President, Brimmer & Company; Don R. Conlan, President, Capital Strategy Research; Robert G. Dederick, Executive Vice President and Chief Economist, Northern Trust Company; John T. Dunlop, Lamont University Professor Emeritus, Harvard University; Lyle E. Gramley, Senior Staff Vice President & Chief Economist, Mortgage Bankers Association; Isabel V. Sawhill, Senior Fellow, The Urban Institute; Charles L. Schultze, Senior Fellow, The Brookings Institution; James Tobin, Sterling Professor Emeritus, Yale University; Laura D'Andrea Tyson, Professor of Economics, University of California, Berkeley; Charls E. Walker, Chairman, Charls E. Walker Associates; Murray Weidenbaum, Director, Center for the Study of American Business; Albert M. Wojnilower, Senior Advisor, First Boston Corporation.

The New Political Avengers

by Suzanne Garment

Political scandal is not a new phenomenon in America. On the contrary, such scandal is one of the most pervasive elements of our history, and it persists because it is utterly irresistible. When there is scandal on the scene, it drives out the human appetite for more mundane sorts of political news.

Still, our time is different from the decades preceding it in that it has been shaped by incessant political scandal. The proliferation of scandal reflects not so much an increase in corruption at the federal level as our growing capacity and taste for political scandal production. The resulting culture of mistrust has made the always difficult job of governing measurably harder. The atmosphere of sensationalism has contributed to public cynicism. Our politics has become obsessed with the exhumation of misdeeds, real and alleged.

Moreover, the habit of making large scandals out of what were once thought of as garden-variety misdeeds has enabled us to avoid looking into the mirror and attending to matters, like the savings and loan problem, that spring less from individual wrongdoing than from a more widespread failure of political will. Other issues that are not scandal fodder, like the persistent problems of this country's underclass, attract little public attention.

Charges of wrongdoing have filled the press, crowding out other sorts of political issues. Scandals have periodically commandeered the attention of the political community and have literally exhausted the time of the officials immediately involved in them. The imbroglios have left bad reputations and low morale in their wake and more generally undermined the legitimacy of individuals attempting to make national policy and run the government.

Today's myriad scandals come from the ever-growing efficiency with which our modern scandal-production machine operates.

Are We More Corrupt?

How did this scandal wave come about? According to political reformers — in the press, public interest advocacy groups, Congress, and elsewhere — the answer is corruption. In their view, Watergate revealed an American political life filled with acts that are, or should be, crimes. Since Watergate, this argument has exercised great influence over our public life, and government has enacted many new laws and regulations to deal with the problem of official corruption.

Yet these efforts have had ironic results. Since Watergate, despite the growth in our anticorruption efforts, the number of our political scandals has continued to increase. The post-Watergate scandals did not simply proliferate while corruption was being exposed and then abate as politicians began complying with today's new, more rigorous standards. Instead, the scandals have continued at their high levels for more than 15 years, with the recent savings and loan debacle the biggest of all. In other words, the attack on corruption seems to have had few of the cleansing effects that such efforts are supposed to bring in their wake.

Some of those who pressed for the ethics reforms of the 1970s explain these perverse consequences by saying that the scandals remain numerous because our political life has grown even more corrupt since then. But this crisis of public corruption almost surely does not exist. There are crooks in the federal government, of course, and we will always need corruption-fighters to ferret them out. Moreover, some kinds of corruption have grown along with the growth of government and the benefits it distributes. Yet on the whole, the federal government in recent years has been at least as clean as in the past and probably a good deal cleaner.

Certainly there is no plausible estimate of any actual rise in federal corruption since Watergate that matches the explosive increase in scandal during the same period. A good deal of our current scandal activity stems from heightened ethical sensitivities and a distaste for what were once accepted practices in American politics. For instance, today's political campaigns may not seem ethically attractive to the modern eye, but fund-raising methods now are far more honest than in the days when cash changed hands under the table and individuals did their buying of congressmen in secret.

There is simply no persuasive evidence that the increasing scandal has taken place because of a corresponding rise in corrupt official behavior. Today's myriad scandals come in much larger part from the increased enthusiasm with which the political system now hunts for evil in politics and the ever-growing efficiency with which our modern scandal-production machine operates.

The Passions of Anticorruption

Today's intense focus on government corruption began with the shock of Watergate, but the political passions that inspired the drive were in full flower years before. The energy of today's anticorruption efforts, in fact, emerged during the early 1960s with opposition to Lyndon Johnson's presidency and America's participation in the Vietnam War. The spirit of that opposition was no mere disagreement over policy or even ideology. Instead it increasingly embodied the conviction that the people governing this country were fundamentally illegitimate in their claims to authority and criminal in their behavior.

Since Kennedy's time, traditional political parties and economic interest groups have declined in power. The press and the courts have, correspondingly, grown in importance. So have new kinds of ideologically based interest groups, along with the political professionals who run them. Compromise and private agreement have declined as political strategies, while the use of publicity, litigation, and appeals to moral principle have risen. These changes have produced a new type of politician, more dependent on the media and less inclined to follow party or legislative leadership.

In some respects, the corruption-fighters of today, manning news desks, Capitol Hill offices, and investigating and prosecuting organizations, are very different from the antiwar protesters of the late 1960s. But in their self-righteousness and lack of restraint, they recall the excesses of the most dangerous part of the antiwar generation.

Indeed, by now these ethics-enforcers have become part of a self-reinforcing scandal machine. Prosecutors use journalists to publicize criminal cases, while journalists, through their news stories, put pressure on prosecutors for still more action. Investigators inside government agencies know how to advance their projects by collaborating with congressional committees, while committee staffers use the investigators to bypass agency heads and gather the material for splashy public hearings. All these players are aided immeasurably by the growing public focus on the politician as a celebrity, subject to intense, probing attention that a celebrity commonly receives. Along the way, the hunt for bad deeds has become a business like any other, and large numbers of people have developed personal stakes in its continuing.

Correcting Our Course

Thus, our present scandal politics has become not only self-reinforcing but virtually endless in its prospects. It is not a party phenomenon, as growing numbers of legislators from both parties find themselves involved in imbroglios. Modern scandal politics exercises a power over government and the public agenda that is now out of proportion to the benefits it brings us. We can free ourselves of its worst effects only if we determine to keep it under control.

A prosecutorial class with no sympathy for human frailties can be a much greater danger to democracy than the simple peddling of influence.

Today's scandal practices did not simply spring up in response to public demand, they were elaborately crafted by a political elite. This same elite can correct its course. How can this be done?

- We should concentrate more intelligence and energy on getting and keeping talented people in the government.
- Congressional leaders should take control of Congress's investigative function. In the executive branch, it is time to improve the skills, or prudence, and the professionalism of current investigators.
- The office of the independent counsel has become more trouble, more expense, and more danger than it is worth. It should be abolished.
- Federal prosecutors should continue to prosecute, but it is time for a strong presumption against further criminalization of politics. We need a demystification of the cult of the prosecutor and more healthy skepticism from journalists and others about the information that prosecutors dispense publicly and privately.
- The press will remain pretty much what it is today. But if more people yell publicly, not just about inaccuracies in the media but about the instances in which personal interests blind journalists to the difference between the pursuit of a story and pursuit of the truth, it may have a cumulative effect on the profession.
- Finally, we need a change in attitude. We must recognize that contempt for ordinary politics is a corruption even more dangerous than stealing money from the public till, and that a prosecutorial class with no sympathy for human frailties can be a much greater danger to a democracy than the simple peddling of influence. Today's steep rise in public alienation is fed by incessant scandal, and our mistrust has created political habits and institutions whose workings are almost sure to produce more scandal and more mistrust. In addition, these scandals make it harder for government to work well. If we judge scandals and ideas about ethics by these tougher and more honest standards, we may be able to bring political scandal back to its perennial, venerated, and distinctly secondary place in American public life.

Excerpted from Suzanne Garment, *Scandal: The Culture of Mistrust in American Politics*, Times Books, a division of Random House, Inc. Copyright @ 1991 by Suzanne Garment. Ms. Garment is the DeWitt Wallace Fellow at the American Enterprise Institute.

The Great Monetary Quandary

Albert T. Sommers
Senior Fellow and
Economic Counsellor
The Conference Board

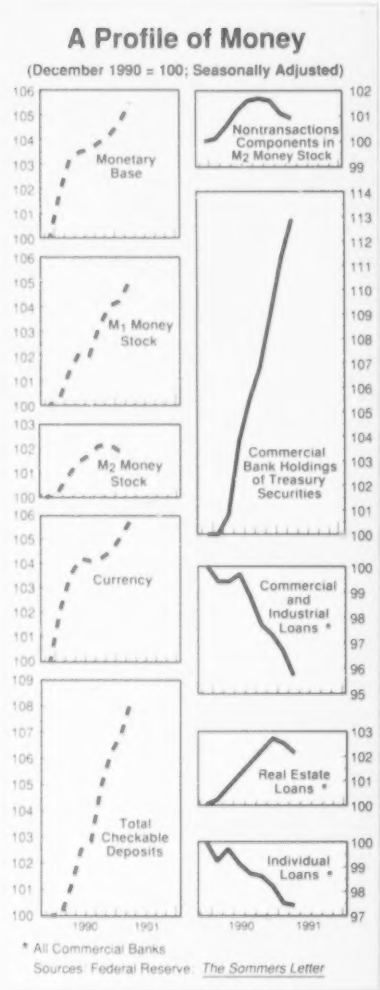
The money stock — what the figures mean, what they portend, what to do about them — has been the great statistical and analytical quandary of this halting recovery. A full panoply of respectable statistics bears on the supply of money in the system, and its apparent growth rate. For the past six months, the growth rate of M2 (the money supply broadly defined) has been virtually without a trend, and the growth rate since the beginning of the year has fallen below the bottom of the target range of the Federal Reserve. Not so for M1 (the narrow version) which consists mainly of currency and checkable deposits at commercial banks; the low and nearly negative growth rate of M2 appears in those of its components other than the components that appear in M1 — mainly, the savings, or non-checkable, deposits of the commercial banking system.

Is this "money scarcity"? A "credit crunch"? Thus far in 1991, the monetary base (currency, plus the reserve positions of commercial banks) has risen at about 9 percent a year, M1 at 7 percent, checkable deposits at 10 percent, currency at 8 percent (see chart) — not much of a crunch. The flabby behavior of M2 has received a lot of attention among analysts, and apparently the Federal Reserve itself; and it has led to pressure on the Federal Reserve to increase bank reserves, and thereby reduce the Federal funds rate, a market used by commercial banks to bolster their reserve positions. A lower Federal funds rate normally communicates itself to most short-term rates and even to the prime rate itself, since it lowers the cost of money to the banks.

But it is not at all clear that the decline in savings balances at commercial banks represents a true and general decline in the aggregate effective money stock. It has been widely noted that the household sector has been a heavy investor in mutual funds, particularly bond funds, diverting its savings from commercial banks. This is **not** a process in which money is destroyed; instead, it is a transfer of funds from savings accounts to the bond funds, which then invest the proceeds, normally in more bonds. The sellers of the bonds to the mutual funds thus acquire the cash, which they then presumably invest one way or another, perhaps at least initially in checkable deposits that are recorded in M1. This process undoubtedly accounts, in part, for the fact that while the non-M1 components of M2 have been falling, the M1 components have been rising quite satisfactorily — indeed, considerably faster than the rate of inflation.

The fullest and most satisfying explanation of the low rate of growth of M2 is the low rate of growth of lending and borrowing throughout the system, and that appears to be attributable to the reluctance of banks to lend, and the reluctance of borrowers to borrow. Even with 200-point declines in the prime rate and the discount rate, commercial and industrial loans are over 4 percent **below** their level at the end of 1990; individual loans are 3 percent lower.

Where has all the credit gone? Bank holdings of Treasuries are up 13 percent. The same pattern of caution is visible in aggregate debt formation; the growth rate of domestic nonfinancial debt has fallen from 9 percent in 1987, to 6.5 percent in 1990, to 4 percent in 1991. Total nonfederal debt in 1991 has been growing at less than a 3 percent rate. **The great debt cycle of the 1980s is still unwinding. That's the real cause of 1991's money puzzle: the money stock figures are the consequences.**



The issue confronting the Federal Reserve is whether another reduction of short-term interest rates, which it is perfectly capable of achieving, will stimulate borrowing, even at a time when the banking system as a whole is already very liquid, and investing in Treasury securities at a very high rate ($58 billion in 1991 thus far). It may be that monetary policy has only moderate leverage on this situation; what's required is the continuing absorption of the excesses of the 1980s. That's going on, but it takes time.

Caste and Conservatism in America

by Charles Murray

There is a dark side looming to the American future, flowing from a prediction that in itself seems innocuous: As national wealth grows in the coming years, so will the proportion of people who are rich. At the end of the Korean War less than one family in a thousand had an income of $100,000 or more (1988 dollars). By 1988, almost one family in 25 had an income that great, a phenomenally large change.

The numbers of the rich will tend to grow more rapidly in the coming years. Several facts lead to this conclusion, principally the increasing monetary value of complex mental work. This trend has been in evidence for some time. In 1980, for example, a male college graduate made about 30 percent more than a male highschool graduate. By 1988, he made about 60 percent more. And in coming years, the price for first-rate cognitive skills will skyrocket.

The net result is that the rich are going to constitute a major chunk of the population in the relatively near future, and this group will increasingly be the most talented. Why be depressed by this prospect, which in many ways sounds like a good thing? Because I fear its potential for producing something very like a caste society, with the implication of utter social separation that goes with that most un-American of words.

What happens when 10 or 20 percent of the population has enough income to bypass the social institutions it doesn't like in ways that only the top fraction of 1 percent used to be able to do? Robert Reich has called it the "secession of the successful." The current symbol of this phenomenon is the gated community. But there are many other straws in the wind. A simple example is the way that the fax, modem and Federal Express have already made the U.S. Postal Service nearly irrelevant to the way some segments of American society communicate. A more portentous example is the mass exodus from public schools among urban elites. I sympathize with many of the reasons why people with money take these steps. For almost three decades now, government has failed miserably to perform its basic functions, from preserving order in public spaces to dispensing justice to providing decent education in its schools. But the reasonableness of the motives does not diminish the danger of the potential consequences.

Our increasing national wealth will make it tempting to treat the inner city as an urban analogue of the Indian reservation.

As this American caste system takes shape, American conservatism is going to have to wrestle with its soul. Is conservatism going to follow the Latin American model, where to be conservative means to preserve the mansions on the hills above the slums? Or is it going to remain true to its American heritage, where the thing-to-be-conserved has not been primarily money or privilege but a distinctively American way of self-government and limited government?

All the forces that I can discern will tend to push American conservatism toward the Latin American model. For example, the culture of the urban underclass, increasingly violent and bizarre,

fosters alienation. As each new social experiment fails to diminish the size of the underclass, our increasing national wealth will make it tempting to bypass the problem by treating the inner city as an urban analogue of the Indian reservation.

This temptation will be augmented by the increasing power of people at the upper end of the income scale to use government for their own ends. If the rich constitute 10 to 20 percent of the population, their political power will be so immense as to transform the power equation. The Left has been complaining for years that the rich have too much power. They ain't seen nothing yet.

It will be sadly ironic if the politics of caste are called "conservative," for the greatest bulwarks against the power of privilege are some good old-fashioned American conservative principles. Enforce strict equality of individuals before the law. Prohibit the state from favoring groups, including rich and influential groups. Decentralize government authority to the smallest possible unit. None of these principles is a panacea, for the forces that will tend to produce an American caste system are powerful and complex. But these classic conservative principles are more needed than ever, at a time when the seductions for conservatives to abandon them are increasing.

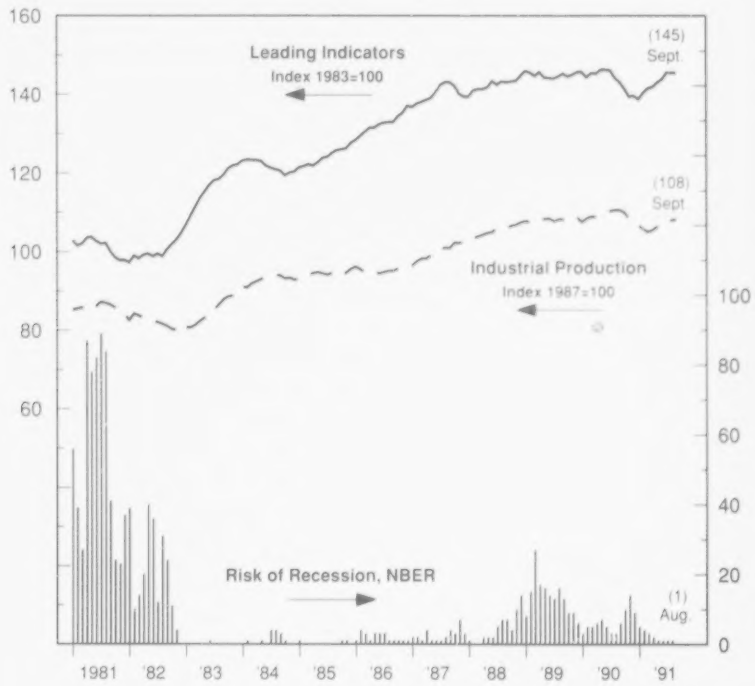
Excerpted from *National Review*, July 8, 1991. Charles Murray is Bradley Fellow at the American Enterprise Institute.

Conference Board Stat File

Sudden Doubt

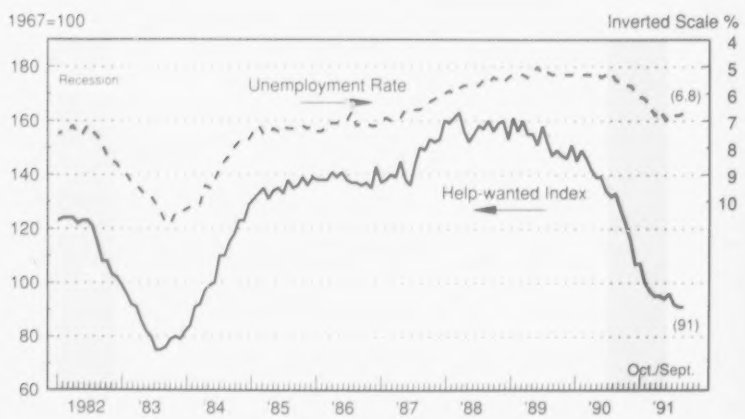
Quite abruptly, the business cycle outlook has changed, as a variety of key indicators faltered recently. The most disturbing of these was the plunge in consumer expectations (page 10). The net balance of recent portents is summarized nicely by the flattening out of the leading index (this page) in August and September. It's too soon to decide whether or not the cyclical recovery is stalling, but for the first time the data now suggest that possibility. One key indicator that has not stumbled — and usually it is extremely sensitive to any question about the outlook — is stock prices. A likely reason for this, as explained in our Chart of the Month (page 10) courtesy of Shearson Lehman Brothers, is the continuing drop in short-term interest rates.
(Note: Data for Conference Board series in this section are available on request from Ken Goldstein at 212-339-0331.)

Early Warning Indicators



Leaders went flat over the summer.

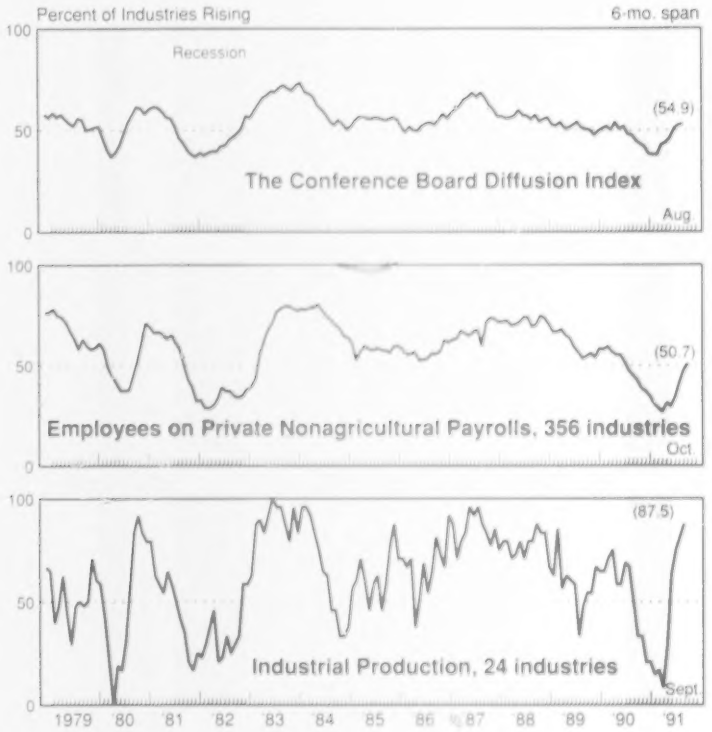
Help-wanted Advertising and Unemployment



Labor market looks soggy.

Conference Board Stat File

Indexes of Economic Momentum



Momentum continues to be very positive.

Core inflation slowing, but it has not subsided below the average of recent years.

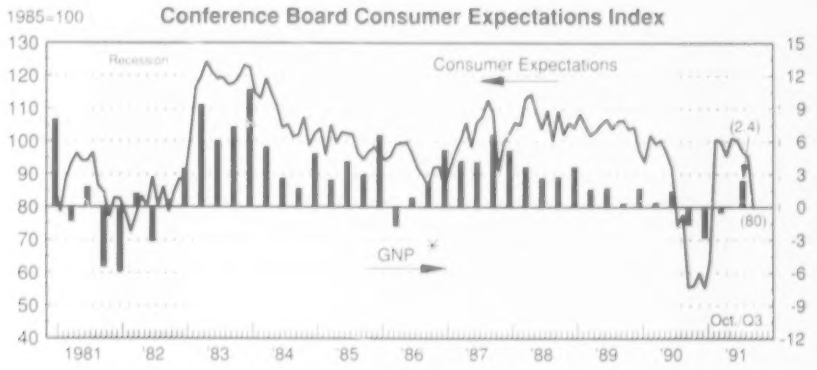
Inflation Fundamentals

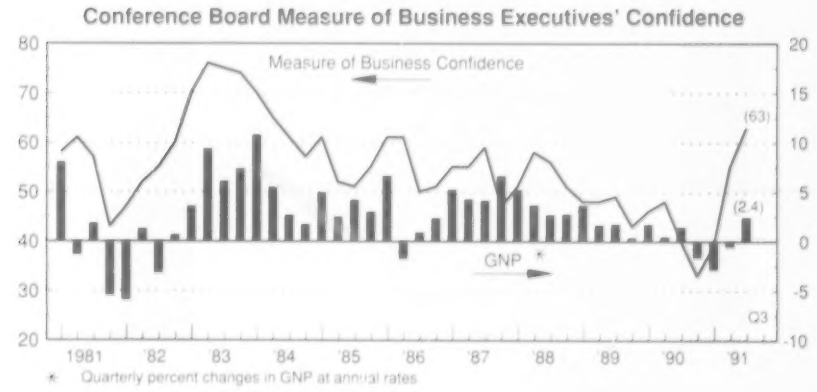
* Core Inflation = CPI excluding food at home and energy.

* Core employment-cost inflation = wages and salaries of private sector workers excluding sales personnel (i.e., excluding the benefits that are part of the ECI).

Conference Board Stat File

Confidence





The October plunge in consumer expectations is dramatic.

Chart of the Month

Why do stock market analysts watch interest rates so closely? Because for the past 24 years, stock valuations (P-E ratios) have increased when short-term interest rates have fallen, and vice-versa. This inverse relationship between the two has been fairly reliable.

Source: Shearson Lehnman Brothers, *Economics, October 28, 1991, Dr. Robert J. Barbera.*

Inside the Crystal Ball

			UCLA	MERRILL L.	DU PONT	GEORGIA ST.	NORTHERN TRUST	CONF. BOARD	EATON	L.H. MEYER	DRI	WEFA	MICHIGAN - RSQE		
Date of Forecast			Oct.	Oct.	Oct.	Oct.	Oct.	Oct.	Oct.	Oct.	Oct.	Oct.	Oct.		
Gross National Product			(Quarter-quarter percent change, constant dollars, seasonally adjusted at annual rates)												
			%	%	%	%	%	%	%	%	%	%	%		
Actual	1991	1Q	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	-3.8	1Q 1991	Actual
		2Q	-0.1	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	2Q	
Forecast		3Q	1.9	3.7	2.9	2.3	3.6	2.7	3.7	2.9	2.9	3.0	2.8	3Q	Forecast
		4Q	3.6	3.4	2.8	3.2	3.2	1.4	3.7	1.8	2.4	4.4	2.1	4Q	
	1992	1Q	4.4	2.9	2.8	1.9	3.4	1.3	4.0	2.7	4.2	3.8	3.6	1Q 1992	
		2Q	4.0	2.6	3.0	2.3	3.4	2.0	3.8	3.6	4.1	4.2	3.8	2Q	
		3Q	2.9	2.4	3.4	2.4	3.2	2.7	2.8	3.4	2.9	3.5	3.2	3Q	
		4Q	2.6	2.0	3.4	2.4	3.0	2.5	3.1	3.3	2.4	2.6	2.7	4Q	
	1993	1Q	2.6		3.1			2.0	3.2	3.1	3.0	2.3	2.7	1Q 1993	
		2Q	2.8		3.0			1.9	2.3	3.0	3.0	2.6	2.4	2Q	
		3Q	2.9		2.9			2.0	2.0	3.1	2.9	3.0	2.2	3Q	
Inflation (GNP Deflator)			(Percent change from same quarter one year earlier)												
Actual	1990	4Q	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	1990 4Q	Actual
Forecast	1991	4Q	3.2	4.0	4.1	4.2	4.5	4.0	3.4	4.0	3.5	3.0	3.7	1991 4Q	Forecast
	1992	4Q	3.1	3.9	3.6	3.4	4.0	4.4	2.9	2.7	2.9	3.0	3.1	1992 4Q	
30-Yr Treasury Bond Rate			(Percent per annum, quarterly)												
Actual	1991	1Q	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	1Q 1991	Actual
		2Q	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	2Q	
Forecast		3Q	8.3	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	3Q	Forecast
		4Q	8.3	8.2	7.8	8.0	7.7	7.7	8.0	7.8	7.9	8.1	7.9	4Q	
	1992	1Q	8.3	8.3	7.8	8.1	7.5	7.4	8.2	7.7	7.9	8.2	7.9	1Q 1992	
		2Q	8.4	8.2	7.9	8.3	7.7	7.5	8.2	7.7	8.3	8.3	7.9	2Q	
		3Q	8.6	8.2	8.0	8.3	7.8	7.7	8.1	7.6	8.2	8.3	7.8	3Q	
		4Q	8.7	8.1	8.0	8.4	7.9	8.0	8.1	7.6	8.1	8.4	7.7	4Q	
	1993	1Q	8.7		8.0		8.0	8.1	8.1	7.6	8.2	8.5	7.7	1Q 1993	
		2Q	8.6		8.0		8.1	8.2	8.0	7.5	8.1	8.6	7.7	2Q	
		3Q	8.7		8.1		8.2	8.3	7.9	7.4	8.1	8.7	7.7	3Q	
Unemployment Rate			(Percent, quarterly)												
Actual	1991	1Q	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	1Q 1991	Actual
Forecast	1991	4Q	6.8	6.9	6.7	7.1	6.7	6.8	6.7	6.9	6.9	6.9	6.7	4Q 1991	Forecast
	1992	4Q	6.4	6.5	6.3	6.7	6.3	6.6	6.1	6.4	6.2	6.5	6.2	4Q 1992	
	1993	2Q	6.3		6.1			6.6	5.7	6.1	6.0	6.3	6.0	2Q 1993	